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April 25, 2013

RE: SUMMARY OF PUBLIC COMMENTS ON HOUSE BILL 4612

From: Owen Z. Perlman, M.D.

- Michigan No-Fault Insurance Act of 1973 established Lifetime coverage for reasonable and necessary expenses and accommodations for the patient's care, recovery, and rehabilitation.
- Governor Milliken- brilliant piece of legislation assuring services would be provided through the **private sector**, and not burden the **public sector**.
- Michigan getting poorer – 1.4% drop in median household income/more residents living in poverty/last in nation in in-migration at 1.2%/decreased job opportunities.
- October 1: 12,000 statewide lose welfare assistance.
- Michigan poverty rate 16.8%/Detroit 37.8%.
- Michigan residents with some health insurance coverage – 87.6%/private insurance 68.6%/public health insurance coverage 33.2%.
- Detroit 79% some health insurance/private health insurance coverage 39.1%.
- Implies public assistance will need to keep increasing/vocational service budgets will need to increase.
- Traumatic brain injury and spinal cord injury may be catastrophic injuries and a "life sentence." – rehab efforts do not end after short periods of time.
- Auto no-fault in Michigan has "stop-loss" at $530,000.00 per case/MCCA acts as re-insurer to protect no-fault carriers for expenses greater than $530,000.00.
- MCCA responsible for remainder of lifetime benefit/auto no-fault carrier is not an endangered species/22% profit margin.
- Auto carriers have ample recourse to assure they are paying reasonable and necessary expenses: Bill Review Units/Ins. Nurse case managers/IMEs/Letters of medical necessity/Denials-Litigation.
- MCCA rate of $186.00 per vehicle – outstanding value for peace of mind and services it provides . Only 25 cents per school day for a mother of three driving kids to school.
- Lifetime coverage without a ceiling would be eliminated. Medical expenses in excess of $1 milion, home modifications beyond the threshold and proposed limits on attendant care will bankrupt the patient/family and increase lawsuits against the at-fault party to recover the unpaid balance/injured drivers currently cannot sue for medical expenses because they are reimbursable.
- Consumer savings minimal/cost of the injured driver/passengers if insured significantly will be catastrophic/taxpayer cost will be catastrophic.
- Within two years drivers will end up paying more than what they are paying for unlimited coverage at the current time.

- Workers comp fee screens proposed to be applied to PIP benefits – very few doctors actively participate with Michigan No-Fault Insurance under current reimbursement structure/it will only get worse.
- Workers Compensation developed without fee screens (1912)/fee screens added (1980s)to protect manufacturing industry from relocating/non-tax payer funded by hospital systems and healthcare workers to help the state attract and maintain manufacturing business.
- No-Fault insurance business has nothing in common with the manufacturing business/Auto No-Fault business thriving in Michigan, not looking to leave the State.
- MCCA Robust with $13 billion in reserves and won't respond to court order to share status update.
- Michigan taxpayers at great risk of taking on incremental funding expenses – change from private sector to public sector. Incremental cost to Medicaid 30 million dollars per year over the first two years.
- When people exhaust their healthcare benefits and their savings, Medicaid is the safety net.
- Misconception that private health insurance will step in and provide necessary funding – not accurate/not everyone has private health insurance – Medicare is excluded from paying auto No-Fault benefits in State of Michigan/Federal employees/Military personnel, and employees of many large employers have exclusions for coverage for injuries resulting from motor vehicle accidents in their policies.
- Less rehabilitation means more people on Social Security Disability, increasing tax burden.
- Despite access to private insurance, significant limitations in coverage has a negative impact on treatment/rehabilitation/BCBS and BCN do not provide outpatient coverage for cognitive therapy/most private health plans offer only a total of 60 visits per year of OT, PT, and speech therapy – grossly insufficient to meet the needs of catastrophically injured individuals who need many more therapies per year and for many more years/limited mental health coverage/limits on durable medical equipment, no coverage for home modifications or for vans or van modifications.
- Change in language from medical necessity to medically appropriate may unnecessarily eliminate benefits; focus needs to be on supporting functional improvement and preventing complications while making life meaningful.
- These decisions need to be made by medical professionals not bill drafters or insurance company employees with no medical background.
- The whole point of rehabilitation is functional improvement and prevention of complications that may hinder it.
- A surgeon may feels that someone is medically recovered when the wound is healed but we still have to give them their life back after that.
- **Significant adverse unintended consequences for proposed legislation will impact the state.** Impact of cap and fee screen will result in significant decrease in reimbursement for healthcare systems. Beaumont estimates up to $25 million loss in first year/multiply by all other large healthcare/trauma systems.
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- Result is cutting of services and cutting of staff/more errors/decreased dollars for capital expenses and capital equipment and decreased satisfaction/drain of physicians from State.
- Make up shortfall by increasing cost of private health insurance/employers pay a portion and shift rest to employees/no raises/less discretionary income/limited hiring/increased pricing – inflationary.
- **Saddle State residents to higher taxes, as well as higher benefit expenses with limited hope for increased wages**.
- Impact on UAW contract with Detroit 3 for the remaining 3 years of the contract

Negative impact on companies considering relocating to Michigan.

- Affordability/unaffordable in Detroit for many at any rate.
- Loss of jobs statewide as above/rehab industry subset loss of 5,000 jobs, $200 million/jobs that provide the major support in many communities and impact non-medical personnel such as contractors, accountants, attorneys, public relations professionals, television and radio commercials/reduce payroll taxes/reduce property taxes putting more pressure on Education.
- Loss of Auto Insurance industry jobs-adjustors-decreased length of claims; decreased need for Bill Review Unit staff
- No significant savings guarantee to subscribers
- Traumatic brain injury rehabilitation expertise recognized nationally/4 of 21 national contracts for support of treating veterans, 4 facilities in Michigan.
- Liability portion for PIP expense 16th in nation and only $22.47 more than national average.
- Other states may have less claim expense but have additional expenses related to paying out proceeds from lawsuits. Important to understand their net profits compared to Michigan ANF carriers.
- Collision expense alone 30% higher than national average contrasted to 5% for PIP. Combined expense only 11th highest fees in nation.
- Allstate Insurance study – accident rate in Detroit 12.5% higher than national average.
- Cap of $1,000,000 for catastrophic injury exhausted in the first few years with no access to funds to meet needs subsequently/majority of injuries occur to individuals in their teens and early 20s/sentence them and their families and the taxpayers of the State of Michigan to be burdened for 40-60 years.
- Attendant care benefits limited/family members 56 hours per week/push them to bankruptcy/those family members unable to return to jobs in the workforce.
- Proposed legislation a "sentence" of bankruptcy for many patients and their families.
- No confirmed cost savings with reduced benefits/any cost savings wiped out by increased taxes, private health insurance costs, and out-of-pocket expenses.
- Legislation <u>does not</u> pass "The Compass For Responsible Government." /difficult to create more and better jobs/increases the price of government/increases the cost of living/increases the cost of doing business/**does not seek to secure our rights to life, liberty, and the pursuit of happiness.**

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April 25, 2013

House Insurance Committee Members:

Thank you for the opportunity to publicly comment on House Bill 4612, proposing legislative changes to Michigan's Auto No-Fault Insurance.

I would like to comment as an experienced Physical Medicine & Rehabilitation specialist providing medical care for catastrophically-injured individuals with traumatic brain injuries and spinal cord injuries, as well as being an experienced Medical Administrator and a concerned citizen wishing to act as a steward concerned with the state's finances and the Health Status of its communities.

Briefly, I have been a practicing physician in the State of Michigan for over 30 years. My focus has been on the treatment of catastrophically-injured individuals with traumatic brain injuries and spinal cord injuries and the development and supervision of inpatient rehabilitation programs and post-acute rehabilitation programs that are cost-effective, subject to rigorous utilization review, and are CARF (Commission on Accreditation of Rehabilitation Facilities) accredited.

I would like to acknowledge the current Michigan No-Fault Insurance Act of 1973. This act established lifetime coverage for reasonable and necessary expenses and accommodations for the patient's care, recovery, and rehabilitation. This outstanding vision of Republican Governor William Milliken was a brilliant piece of legislation that assured that these services would be provided through the private sector and not burden the public sector.

At this time, when Michigan is getting poorer, as 2010 Census data shows (article attached), this concept of keeping these expenses in the private sector could not be more important.

Between 2009 – 2010 Michigan residents sustained a 1.4% drop in median household income. More Michigan residents are living in poverty. Michigan is last in the nation with a rate of in-migration. Specifically, people moving into the state at an average of 1.2% in 2010 compared to the national average of 2.2%. This, of course, is tied in with employment. Job opportunities are not here. The proposed changes of House Bill 4612 will only exacerbate this problem.

The poverty rate has increased to 16.8% in Michigan and 37.8% in Detroit. The national average is 15.3%.

Michigan residents with some form of health insurance coverage currently, is at 87.6%. Those with private insurance have dropped to 68.6%, while public health insurance coverage has increased to 33.2%. In Detroit 39% have insurance – driven by a decline in private health insurance coverage from 42.8% to 39.1%. This implies that public assistance will need to keep increasing. Vocational services through agencies such as Michigan Works! will need to have increased budgets.

Catastrophic injuries, such as traumatic brain injury and spinal cord injuries, are defined that way because they are, indeed, catastrophic in terms of the severity of the injury, the trajectory of a person's life, the impact on their families and communities, and the costs associated with them. In many cases these injuries are "a life sentence." Thus, rehabilitation support efforts do not end after short periods of time. I will discuss this further later.

Currently, insurance companies selling no-fault insurance in Michigan have a "stop-loss" at $530,000 per case. The Michigan Catastrophic Claims Association (MCCA) acts as a reinsurer to protect the no-fault carriers for expenses greater than $530,000. The MCCA covers the remainder of the lifetime benefit. Michigan no-fault auto insurance carriers are not "an endangered species." It is my understanding that their current profit is in the range of 22%. By contrast, health care systems consider a profit of 4-5%, a good year. Most make 2% or less. As the result of sequestration cutting 2% from the DMC budget, they already laid of 300 employees two weeks ago.

Insurance companies have ample recourse to assure that they are paying only for reasonable and necessary expenses. They can ask the prescribers for clarification. They can require letters of medical necessity for products and services. They have the right to obtain Independent Medical Evaluations from other physicians to help them clarify the case or an expense. They can hire nurse case managers to assist them. They already utilize Bill and Review Units to assess expenses. They often only pay to providers already what they consider a reasonable and customary amount. They have the ability to issue denials until information is clarified to their satisfaction. They also have the ability to request judicial reviews.

The MCCA was initiated in 1978. The current rate of $186 per vehicle is an outstanding value for the peace of mind and the services it provides. Any time a driver gets into a vehicle alone or with multiple people, they have the peace of mind that if there is an accident, whether they are at fault or not, their expenses will be covered as a lifetime benefit.

In the papers this week, it was noted that not as many people are signing up for long-term care insurance because of the expense. Yet, if a mother is driving 3 kids to school each day, then on those days, the car is insured for a dollar a day of disability insurance or 25 cents a person. There is nothing more cost-effective in this country.

Currently there is lifetime coverage without a ceiling for reasonably necessary products, services, and accommodations. This will be eliminated. There will be a lifetime cap of $1 million. Under current law, insurance companies must pay for "*all reasonable charges incurred for reasonably necessary products, services and accommodations for a an injured person's care, recovery or rehabilitation.*" Under the proposed Bill, insurance companies are only required to pay "*all reasonable charges incurred for for medically appropriate products, services and accommodations for an injured person's care, recovery or rehabilitation.*"

It states that the product, service or accommodation must be:
-medically appropriate and medically necessary and not for experimental treatment or participation in research projects.

-reasonably likely to result in meaningful and measurable lasting improvement in the injured persons functional status.

-must not be something that would have been needed or used by the injured person or a member of their household regardless of the loss occurrence.

-must not be primarily for the convenience of the individual, their caregiver or the health care provider.

-must be provided in the most appropriate location where the service may, for practical purposes, be safely and effectively provided.

Rehabilitation coverages are limited in several ways in addition to the limitations set forth above including as follows:

-rehabilitation must be medically appropriate rehabilitation services that are reasonably likely to produce significant rehabilitation.

-it is limited to 52 weeks, which can be extended another 52 weeks if the rehabilitation is reasonably likely to produce significant rehabilitation. It can be extended beyond that for another 52 weeks if it is reasonably likely to produce significant rehabilitation and further with the same caveat.

Few people will understand the importance/nuance of the new language related to medical necessity and medically appropriate. It is also imperative to consider what is *functionally* appropriate. There can not always be significant gains but there can be some functional gains or gains that will avoid complications. A person may benefit from improving range of motion to avoid skin breakdown or contractures but may still not be able to walk. They may learn how to use a communication device but not be able to talk naturally.

The development of technology to help the disabled has become more mainstream and expected. It still requires training by therapists and technological experts to trouble shoot problems, put in controls, clean up viruses, etc.

The language is inappropriate related to injuries, but also seems that medical and therapeutic decisions, which require an MD or PhD, are now being made by bill drafters or insurance company employees with no medical backgrounds.

In the past week, the Detroit Free Press ran an article regarding Vladimir Konstantinov, horrendously injured after the Red Wings won the Stanley Cup in 1997. He is still benefitting from physical therapy 15 years later and as noted in the title of the article " The quality of his life is tremendously improved." There are times that we have to wait for the persons cognition, impulsivity and behavior to improve before they derive a full benefit.

The whole point of rehabilitation is functional recovery and prevention of medical complications that can hinder it. A person may feel that a person is recovered when the surgical wound is healed, but we still have to give them their life back after that.

If a person incurs medical expenses in excess of the selected PIP coverage, then the victim would have no recourse other than to file a lawsuit against the at-fault party to recover the unpaid balance. Currently drivers cannot sue for medical expenses because they are reimbursable. When that is no longer the case, they will have no recourse but to file a lawsuit.

At this point, then, this insurance can no longer be considered "no-fault insurance."

Unfortunately, the "guaranteed $150 savings to consumers are minimal. The cost to the driver, if they are injured significantly, may be catastrophic. The cost to the taxpayers in the State of Michigan will be catastrophic.The Workers Compensation Fee Screen has been proposed to be applied to Personal Injury Protection (PIP) benefits. This is regardless of the severity of the injury. I can attest to you that very few doctors actively participate with Michigan no-fault insurance at the current time. The demands of documentation and paperwork are extensive for the current level of reimbursement. Rehabilitation physicians at Beaumont Hospital in Royal Oak have chosen over the last several years to no longer see accident victims with no-fault insurance. I can only imagine how difficult it will be to have injured patients gain access to services after the acute phase.

Historically, Workers Compensation was developed without fee screens. The fee screens were added subsequently. They were developed to protect the manufacturing industry in the State of Michigan. At the time they were implemented, there was a risk of manufacturing companies relocating to states such as Indiana, Tennessee, Alabama, and Texas, as well as to Mexico. Of course, there is also a greater risk of manufacturing workers becoming injured. The fee screens were put in place to save the manufacturing companies money and to protect jobs. It was not taxpayer funded, as the film industry credits have been. It was funded by hospital systems and healthcare workers as a "loss leader" to attract and maintain manufacturing business. The manufacturing base in Michigan eroded, regardless.

The No-Fault insurance business has nothing in common with the manufacturing business. It is not a case of attempting to attract or maintain business in Michigan. The Auto No-Fault insurance business is thriving in Michigan, as attested to by the current profit levels. The MCCA is allegedly robust, with $13 billion in reserves.

It is well known that CPAN and the BIAMI filed a successful lawsuit for MCCA transparency. Despite this the MCCA has not been transparent. Theoretically, part of the alleged reason for ANF reform was because of the sustainability of the MCCA, yet no such documentation has been shared to substantiate this.

The taxpayers of the State of Michigan are at great risk of taking on incremental funding expenses. With this change from the private sector to the public sector, it is estimated that the incremental cost to Medicaid will be $30 million dollars per year at least over the first 2 years. When people exhaust their healthcare benefits, Medicaid is the safety net.

When this legislation was proposed, there was a misconception that an individual's private health insurance would be able to step in and provide necessary funding. This is not accurate. First of all, as we have seen above, not everyone has private health insurance.

Medicare is excluded from paying auto no-fault benefits in the State of Michigan. A previous review of a Citizens Insurance Health Insurance Verification Form confirms this. However, without adequate rehabilitation, injured individuals will more likely become disabled and qualify for Medicare after 24 months. This will be because more people will be unable to be rehabilitated and more will require Social Security Disability, increasing the tax burden on Michigan residents.

A traumatic brain injury is an alteration in "brain-behavior" relationships. Thus, it may impact a person physically, cognitively, emotionally, and behaviorally. Thus, we can anticipate increased expenses with Community Mental Health; the Judicial System as more of these patients are unsupervised, do something impulsive and become arrested; the Corrections System as more become incarcerated; the Educational System as students need more support that they cannot get privately; and the Vocational Rehabilitation system, as most will have long exhausted their benefits by the time they are capable of being considered for vocational rehabilitation or work reintegration. Guardians do not want to have legal responsibility for active TBI patients on the streets with no funding. They do not fit into AFC homes and end up with legal problems.

All of these will increase the tax burden on the citizens of Michigan.

Additionally, according to the Citizens Insurance form several large employers have health plans that do not provide primary coverage for injuries resulting from motor vehicle accidents. These include federal employees such as postal workers or military employees. The following large employers also have exclusions: Wal-Mart, Target, Meijer, Dow, and Nissan. The following hospital groups also have exclusions in their private healthcare policies, including Beaumont, Allegiance in Jackson, St. John's Providence, Trinity, Sparrow, Port Huron, and McLaren.

Even when individuals have private insurance, there may be significant limitations in coverage that would have a negative impact on individuals injured in motor vehicle accidents. Specifically, Blue Cross/Blue Shield and Blue Care Network do not provide outpatient coverage for cognitive therapy. Most private health plans offer a total of 60 visits per year of occupational therapy, physical therapy, and speech therapy. This is grossly insufficient to meet the needs of these catastrophically injured individuals who may need therapies for several years. Most plans have limited mental health coverage. They have limits on durable medical equipment. They do not provide for home modifications to make a home accessible for a paralyzed individual. They do not provide for vans or van modifications similarly. They may provide no coverage for high-tech prosthetics or orthotics.

There are significant adverse "unintended consequences" from the proposed legislation that will impact the state. When looking at the impact of HB 4612 and the proposed fee screens, this will have a significant impact on the finances of healthcare systems, particularly those with trauma centers. Nick Vitale, CFO for the 3 hospital Beaumont system, noted in March 2011 that the Beaumont system could lose up to $25 million in the first year. You can multiply this by the

ApDMC, Henry Ford Hospital, St. John Providence, Trinity, Oakwood, University of Michigan, McLaren, Spectrum, etc.

It is clear that under such circumstances the impact would be the cutting of services and cutting of staff. This would lead to more errors and decreased satisfaction.

There would be the strong likelihood of the cutting of Trauma Programs that benefit all the citizens of a community, not just those injured in motor vehicle accidents. Less profits means less money for capital expenses and capital equipment. There is a possibility of a drain of physicians from the state under those circumstances.

As an example, Oakland County has at least 7 of the large healthcare systems represented within the county. The impact would be enormous. This would also have an impact on the new Oakland University Medical School, which Oakland County executive, Brooks Patterson, was previously quoted as saying would bring $3.2 billion into Oakland County over the next several years.

The only way to make up this shortfall will be to increase the cost of private health insurance.

Previously I spoke with one of the largest Blue/Cross Blue Shield managing agencies in the state. I learned that there was no question that this would drive costs up. He noted that as the risk goes up the cost goes up.

When there are increased benefit costs, they have to be shifted. Employers will sustain some of the costs, but it will shift a portion onto employees. Additionally, this will have a negative impact on providing raises. Individuals will have less discretionary income. Companies will limit their hiring. They will raise prices, which will be inflationary.

Therefore, we will saddle residents within the State of Michigan to higher taxes, as well as higher benefit expenses with limited hope for increased wages.

Two years ago, the three Detroit carmakers and the UAW reached agreement on a 5-year contract. This contract was based on benefit surety. The unintended consequences of House Bill 4612, if passed, would increase the cost of those benefits, making the recent success of the Detroit 3 more tenuous.

One can only imagine how any company considering relocating to Michigan will respond to this inappropriate attempt to move expenses from the private sector to the public sector.

There have been discussions that there needs to be no-fault reform because premiums are unaffordable for some. Specifically, premiums are unaffordable in Detroit.

Unfortunately, unless there is a significant slashing of premiums, it is not going to become affordable.

40% of people in Detroit may not have auto insurance. 40% of people in Detroit are also currently unemployed. 37.8% are residing at the poverty level. Thus, it would be unaffordable at any rate.

The state cannot sustain further loss of jobs. Globally I spoke about the impact on the healthcare industry in Michigan. Looking at the Rehabilitation industry as a subset of this, there is the potential for loss of 5,000 jobs and $200 million. These jobs provide the major support in many communities. Not only do they provide direct healthcare services, but also support pharmacies, durable medical equipment suppliers, contractors, accountants, attorneys, and public relations professionals. The loss of up to $200 million dollars of corporate revenue translates to approximately $72 million dollars of reduced payroll taxes to Michigan. As facilities close there will also be the loss of property taxes which will but more pressure on Education.

The expertise developed for traumatic brain injury rehabilitation in the State of Michigan is recognized nationally. Recently, the United States Government awarded 4 of 22 national contracts for support of treating veterans to facilities within the state of Michigan.

There would also be increased litigation costs. Victims incurring medical expenses in excess of the proposed million dollar cap will be forced to sue at-fault drivers to recover the unpaid costs, thereby unnecessarily increasing litigation throughout the Michigan court system. The court reform brought on by the Michigan No-Fault Act in 1973 had been able to manage this. By avoiding such lawsuits, patients could get started on treatment right away and not wait 2 or more years for their litigation to be resolved. Such delays only result in complications that are harder to overcome.

There is a saying in rehabilitation that we all learn during our residency. Specifically, "*it is expensive to do rehabilitation the right way, but a lot more expensive to do it the wrong way.*" It is difficult to overcome complications or delay or deprive a person the opportunity to become a taxpayer once again.

House Bill 4612 proposes to fix a system that is not broken. It currently provides the best coverage in the nation, with premiums only 5% higher than the national average. It is a system for drivers and their passengers paid for only by drivers and not by taxpayers. Other states without no-fault insurance have higher tax burdens, as described above. Insurance companies in other states may pay out less in actual claims but once litigation against them is completed, often they are paying out just as much or more. It would be practical to look at net profits of Michigan auto insurers vs. other states.

In recent years the liability portion of the expense for PIP medical benefits is 16th in the nation at $493.56. The average is $471.09. Thus, it is really only $22.47 more than the national average. The collision expense alone is 30% higher than the national average. Contrast this to the 5% for PIP, and it is difficult to understand why the reform is on the PIP side and not on the collision side. Even with the combined expense of PIP along with Comprehensive and Collision, Michigan drivers pay only the 8th highest fees in the nation but clearly they have tax saving and private health care savings since these expenses are covered in the private sector.

Allstate Insurance recently published a study in 2011 noting that the accident rate in Detroit was 12.5% higher than the national average. Thus, it is not surprising that costs are higher. There

are issues, reportedly, that relate to fraud regarding Comprehensive and Collision. These need to be dealt with directly. Such abuse impacts the state.

As a concerned citizen, I am concerned about increased taxes, increased health benefit costs, Increased costs for No-Fault insurance at safe levels of coverage, decreased services for injured auto victims, decreased services available from health care institutions and the health status of our communities.

As a physician with a long history of treating and directing the rehabilitation needs of our citizens, I can tell you that a cap of one million dollars for someone with a catastrophic injury, will be exhausted in the first few months or years and they would have no access to funds to meet their needs subsequently.

The majority of injured drivers are in their teens and early 20s. Thus, we will be sentencing them and their families and the taxpayers of the State of Michigan to be burdened for 40 to 60 years. Inpatient rehabilitation alone for a paraplegic can be 6 to 8 weeks. For a quadriplegic it can be 3 to 4 months. They will continue to require lifetime services.

A traumatic brain injured patient may have a brain injury, crushed face, require mechanical ventilation, tracheostomy, and feeding tube, as well as dealing with paralysis, cognitive and behavioral deficits. This will impact them for a lifetime.

Attendant care benefits are being limited. Family members not certified or registered or licensed under Article 15 of the Public Health Code would be limited to providing services no more than 56 hours per week. For people living in a small house who are not comfortable with outsiders coming into their home, this will have an impact on them. Many family members have given up their jobs to help their injured family members. Some did this years ago. If they are not able to continue this beyond the 56 hours per week, they will not be able to return to the workforce.

The proposed legislation is a "sentence" of bankruptcy for many patients and their families.

There is no confirmed cost savings with the reduced benefits.

The proposed legislation offers no benefits for injured drivers or their families. It only limits benefits. It provides only burdens for the healthcare system, already poorly-funded state agencies, and increased taxes for residents of the state of Michigan.

This legislation does not pass "The Compass for Responsible Government." It will make it more difficult for us to create more and better jobs. It increases the price of government. It increases the cost of living. It increases the cost of doing business. It does not seek to secure our rights to life, liberty, and the pursuit of happiness.

Thank you for the opportunity of sharing my thoughts with you. I am available to discuss these issues with you at any time that is convenient for you.

Respectfully yours,

Owen Z. Perlman, M.D.
St. Joseph Mercy Hospital, Ann Arbor
Board Member, Brain Injury Association of Michigan
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September 22, 2011

Michigan is getting poorer, Census shows

BY KRISTI TANNER-WHITE AND MELANIE D. SCOTT
DETROIT FREE PRESS STAFF WRITERS

Michigan households brought in less income last year than they did in 2009, new American Community Survey data released today show.

The 1.4% drop in median household income is less than the national average, but more Michigan residents are now living in poverty.

Michigan getting poorer, census data show

Patricia Luttman, 58, who left her job as a waitress two weeks ago, stopped by the Michigan Works! office in Southgate on Wednesday in hope of finding new employment.

Her husband, Larry Luttman, 52, had been unemployed for two years, but went to Michigan Works! for job help and is now a painter.

"They definitely helped me," said Larry Luttman, who lives in Dearborn Heights.

It's no secret that Michigan residents are struggling with unemployment and lost income.

The first round of census data from the 2010 American Community Survey (ACS), released today, illustrates what Michigan residents are experiencing: Median household income fell 1.4% between 2009 and 2010, and nearly 1 in 4 children in the state live in poverty.

But the data, which includes details on more than 40 topics for geographic areas with populations of 65,000 or more, isn't all bad. Michigan's income losses and poverty rate gains were both lower than the national average.

Numbers tell the story

Despite the official end of the recession in mid-2009, real income and the ratio of employed to the total population continued to decline nationwide between 2009 and 2010.

At the same time, poverty rates climbed.

No states experienced an increase in real household income between 2009 and 2010, and 35 states -- including Michigan -- saw their income drop year-over-year.

Michigan's median household income dipped by about 1.4%, from $46,078 to $45,413. A 2.2% drop occurred nationwide as median household income fell from $51,190 to $50,046.

"Michigan finally has gotten to the point of relative stabilization after dropping in the past nine, 10 years -- seems to be that we have bottomed out," said Kurt Metzger, director of the nonprofit Data Driven Detroit in Detroit.

Among Michigan communities with more than 65,000 residents, Flint had the largest statistically significant income decline at 17.3%. The median household income in Flint fell from $27,426 to $22,672.

Households in Canton saw income dip 13.9%, from $82,644 to $71,148. Waterford experienced the only statistically significant increase at 13.1% -- from $51,225 to $57,949 -- creeping back toward its 2006 estimate of roughly $61,000 in inflation-adjusted dollars.

One of Michigan's larger issues, according to state demographer Ken Darga, is the number of new residents attracted to the state.

Michigan ranks last in the nation for the rate of in-migration -- people moving in -- at 1.2% in 2010. The national average is 2.2%.

But Michigan isn't seeing much out-migration either -- the state ranks fifth-lowest in the U.S. for residents moving out.

Darga said in-migration and employment are closely tied, meaning fewer people move to a state when job opportunities aren't there.

Metro Detroit had the second-lowest ratio among the 50 largest metro areas nationwide of those who are employed compared with the working age population.

In metro Detroit, the ratio of those who are employed compared with the working-age population was 61, down from 61.3 in 2009.

On Tuesday, Michigan Works! announced it was preparing to offer more assistance to job seekers and employers, as about 12,000 residents statewide lose welfare assistance Oct. 1. According to the Southeast Michigan Community Alliance Michigan Works!, about 6,500 residents in Wayne County are without jobs, and about 1,200 live outside Detroit. Of the 1,200, about 25%-30% are actively looking for work.

Michigan Works! hopes to reach the other 70-75%.

"The biggest issue is skills and competency not matching what employers are looking for," said Gregory Pitoniak, CEO of SEMCA Michigan Works! "There is a skills gap and many mature workers have outdated skills."

Poverty rate rising

Meanwhile, Michigan's poverty rate increased to 16.8% from 16.2% among all individuals, placing the state's poverty rate above the national average -- which rose by 1 percentage point from 14.3% in 2009 to 15.3% in 2010.

The childhood poverty rate in Michigan, which is those younger than 18, reached 23.5% in 2010, up from 22.5% the year before. Nationwide, the percentage of children living below the poverty level increased by 1.6 percentage points to 21.6%, up from 20.0%. Detroit and Flint had the highest childhood poverty rates in the state in 2010.

The Wayne County Head Start program, which serves families of 3- and 4-year-olds in the county who live outside Detroit, is noticing an interesting trend of drops in enrollment, said county spokesman Dennis Niemiec.

"We are finding that about 3,723 children are enrolled, but (400-500 children) are not showing up,"

Niemiec said, who noted officials are looking into why the numbers drop when the program starts.

The percentage of Michigan residents with health insurance coverage remained statistically unchanged at 87.6% in 2010. A drop in privately held insurance last year from 69.9% to 68.6% was offset by an increase in public health insurance coverage, which was up 1.6 percentage points from 31.6% to 33.2%.

The percentage of residents in Detroit with health insurance declined by 2.8 percentage points from 81.8% to 79% -- driven by a decline in private health insurance coverage from 42.8% to 39.1%.

Rick Murdock, executive director of the Michigan Association of Health Plans, a statewide group with about 50 health care providers and insurance members, said the data show Michigan's Medicaid program has expanded to cover some adults who lost workplace coverage.

In October, the Census Bureau expects to release additional ACS data for communities with a population of 20,000 or more. The survey is completed by about 3 million households in the U.S. annually.

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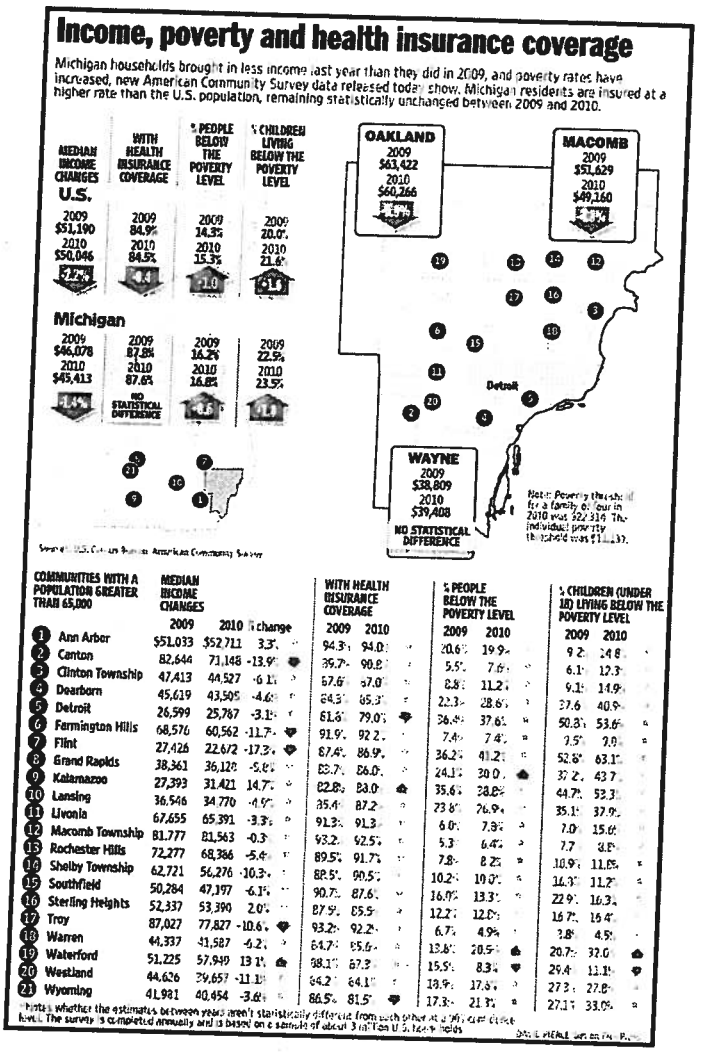
Additional Facts

Graphic: Click for a closer look



Income, poverty and health insurance coverage

Michigan households brought in less income last year than they did in 2009, and poverty rates have increased, new American Community Survey data released today show. Michigan residents are insured at a higher rate than the U.S. population, remaining statistically unchanged between 2009 and 2010.

	MEDIAN INCOME CHANGES	WITH HEALTH INSURANCE COVERAGE	% PEOPLE BELOW THE POVERTY LEVEL	% CHILDREN LIVING BELOW THE POVERTY LEVEL
U.S.	2009 $51,190 2010 $50,046 -2.2%	2009 84.9% 2010 84.5% -0.4	2009 14.3% 2010 15.3% +1.0	2009 20.0% 2010 21.6% +1.6
Michigan	2009 $46,078 2010 $45,413 -1.4%	2009 87.8% 2010 87.6% NO STATISTICAL DIFFERENCE	2009 16.2% 2010 16.8% +0.6	2009 22.9% 2010 23.9% +1.0

Note: Poverty threshold for a family of four in 2010 was $22,316. The individual poverty threshold was $11,...

Source: U.S. Census Bureau American Community Survey

COMMUNITIES WITH A POPULATION GREATER THAN 65,000	MEDIAN INCOME CHANGES 2009	2010	% change	WITH HEALTH INSURANCE COVERAGE 2009	2010	% PEOPLE BELOW THE POVERTY LEVEL 2009	2010	% CHILDREN (UNDER 18) LIVING BELOW THE POVERTY LEVEL 2009	2010
1 Ann Arbor	$51,033	$52,711	3.3%	94.3%	94.0%	20.6%	19.9%	9.2%	14.8%
2 Canton	82,644	71,148	-13.9%	89.7%	90.8%	5.5%	7.6%	6.1%	12.3%
3 Clinton Township	47,413	44,527	-6.1%	87.6%	87.0%	8.8%	11.2%	9.1%	14.9%
4 Dearborn	45,619	43,505	-4.6%	84.3%	85.3%	22.3%	28.6%	27.6	40.9%
5 Detroit	26,599	25,767	-3.1%	81.6%	79.0%	36.4%	37.6%	50.8%	53.6%
6 Farmington Hills	68,576	60,562	-11.7%	91.9%	92.2%	7.4%	7.4%	7.5%	7.0%
7 Flint	27,426	22,672	-17.3%	87.4%	86.9%	36.2%	41.2%	52.8%	63.1%
8 Grand Rapids	38,361	36,128	-5.8%	88.7%	86.0%	24.1%	30.0%	37.2%	43.7%
9 Kalamazoo	27,393	31,421	14.7%	82.8%	83.0%	35.6%	28.8%	44.7%	52.3%
10 Lansing	36,546	34,770	-4.9%	85.4%	87.2%	23.6%	26.9%	35.1%	37.9%
11 Livonia	67,655	65,391	-3.3%	91.3%	91.3%	6.0%	7.8%	7.0%	15.6%
12 Macomb Township	81,777	81,563	-0.3%	93.2%	92.5%	5.3%	6.4%	7.7	8.8%
13 Rochester Hills	72,277	68,386	-5.4%	89.5%	91.7%	7.8%	8.2%	10.9%	11.8%
14 Shelby Township	62,721	56,276	-10.3%	88.5%	90.5%	10.2%	10.0%	16.3%	11.2%
15 Southfield	50,284	47,197	-6.1%	90.7%	87.6%	16.0%	13.3%	22.9%	16.3%
16 Sterling Heights	52,337	53,390	2.0%	87.9%	85.5%	12.2%	12.0%	16.7%	16.4%
17 Troy	87,027	77,827	-10.6%	93.2%	92.2%	6.7%	4.9%	3.8%	4.5%
18 Warren	44,337	41,587	-6.2%	84.7%	85.6%	13.8%	20.5%	20.7%	32.0
19 Waterford	51,225	57,949	13.1%	88.1%	87.2%	15.5%	8.3%	29.4%	11.1%
20 Westland	44,626	29,657	-11.1%	84.2%	84.1%	18.9%	17.6%	27.3%	27.8%
21 Wyoming	41,981	40,454	-3.6%	86.5%	81.5%	17.3%	21.3%	27.1%	33.0%

*Notes whether the estimates between years aren't statistically different from each other at a 90% confidence level. The survey is completed annually and is based on a sample of about 3 million U.S. households

DATA: IREAB, ...